

Message Text

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43

ACTION ARA-10

INFO OCT-01 ISO-00 L-03 XMB-02 EB-07 AID-05 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 OPIC-03

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P 162315Z MAR 76

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC PRIORITY 3222

LIMITED OFFICIAL USE SAN JOSE 1356

E.O. 11652: N/A

TAGS: EFIN, CS

SUBJECT: LATIN AMERICAN BANK

REF: (A) STATE 62727, (B) SAN JOSE 749, (C) SAN JOSE 763,
(D) SAN JOSE 991, (E) STATE 37884, (F) SAN JOSE 991

1. OF THE CREDITOR BANK REPRESENTATIVES WHO CALLED ON
DEPUTY ASSISTANT SECRETARY RYAN ON MARCH 12, TWO
(LILOIA AND MOORE) HAD RLABIOUEPY CALLED ON EMBASSY
(FEBRUARY WEWL AND TOLD ESSENTIALLY THE SAME TALE AND
MADE ESSENTIALLY THE SAME REQUEST FOR U.S. GOVERNMENT
INTERVENTION (REF B). I INSTRUCTED THE EMBASSY'S
ECONOMIC OFFICER TO TELL THEM THAT I DID NOT THINK IT
APPROPRIATE FOR THE EMBASSY TO INTERVENE AT THAT TIME
IN A MATTER THAT
INVOLVED AN AGREEMENT BETWEEN THE
CREDITOR BANKS AND THE CENTRAL BANK.

2. I DID AGREE THAT ECONOMIC OFFICER COULD CONTAVTT
THE CENTRAL BANK TO ASCERTAIN THE STATUS OF THE MATTER.
HE DID SO AND RESULTS WERE REPORTED REF C. ESSENTIALLY
THE RESULT WAS THAT THE CENTRAL BANK REPRESENTATIVE
WHO IS IN CHARGE OF THIS MATTER GAVE ASSURANCES "ON
BEHALF OF THE AUTHORITIESEBOF THE CENTRAL BANK AND OF
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PRESIDENT DUBER THAT THE CENTRAL BANK IS MAKINGTHE

MAXIMUM EFFORT TO SOLVE THIS PROBLEM AND IS PROCEEDING WITH THE MOST ABSOLUTE GOOD FAITH. HE ALSO ASKED THAT THE CREDITOR BANKS GRANT AN ADDITIONAL 60 DAYS TO SEHYLE THE AFFAIR. SUBSEQUENTLY, AT A MEETING ATTENDED BY THE CREDITOR BANKS (INCLUDING THE U.S. EXPORT-IMPORT BANK) AND BY A REPRESENTATIVE OF THE CENTRAL BANK, IT WAS AGREED TO EXTEND THE PERIOD FOR SETTLEMENT OF THE MATTER UNTIL MARCH 31 (REF D).

3. IN A TELEGRAM TO THE EX-IM BANK (REF B AND C) THE EMBASSY EXPLAINED THE POINT OF VIEW OF THE CREDIT BANKS, INCLUDING

THEIR FEARS THAT THE CENTRAL BANK WOULD NOT HONOR ITS COMMITMENTS, AND PASSED ALONG THEIR REQUEST THAT THE EX-IM BANK INTERVENE TO SUPPORT THEM. THE EX-IM BANK DID SO IN A STRONGLY-WORDED TELEGRAM TO CENTRAL BANK PRESIDENT BERNAL JIMENEZ (REF E) THAT "EXPRESSED GREAT CONCERN OVER THE POSSIBILITY THAT THE CENTRAL BANK AT THIS LATE HOUR FAIL TO CARRY OUT ITS DUTY UNDER THE SCHEME AS PROPOSED BY THE CENTRAL BANK, IN VIEW OF THE FACT EX-IM HAS ACTED TO ITS DETRIMENT IN RELIANCE UPON THE CENTRAL BANK". IN THIS MESSAGE, THE EX-IM BANK WENT MUCH FURTHER THAN I WOULD HAVE GONE IN QUESTIONING OR CALLING INTO DOUBT THE GOOD FAITH OF THE CENTRAL BANK. I DID NOT AND DO NOT

QUESTION THEIR RIGHT TO DO SO. IN FACT, I FULLY SUPPORT THAT RIGHT AS THEY ARE ONE OF THE PRINCIPAL CREDITORS AND HAVE BEEN DIRECTLY INVOLVED IN THE NEGOTIATIONS WITH THE CENTRAL BANK ON THE LAB CASE AND ARE IN A GOOD POSITION TO INTERPRET FOR THEMSELVES THE DEGREE OF THE CENTRAL BANK'S COMMITMENT, AND AS A PARTY WHOSE MONEY IS AT RISK TO TAKE REASONABLE STEPS TO IMPROVE THEIR CHANCES OF COLLECTION.

4. I BELIEVE THAT THE ACTION ALREADY TAKEN BY THE EX-IM BANK GOES AS FAR AS THE U.S. GOVERNMENT SHOULD GO IN INTERVENING IN THIS AFFAIR AT THIS TIME. MOREOVER, I DO NOT BELIEVE THAT THERE IS ANY REASONABLE POSSIBILITY THAT THE CENTRAL BANK DOES NOT UNDERSTAND THE POSITION OF THE CREDITORS IN VIEW OF THE STRONG MESSAGE SENT BY EX-IM, THE NUMEROUS STRONG MESSAGES LIMITED OFFICIAL USE

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DELIVERED BY THE CREDITOR BANKS, AND THE FEBRUARY 25 MEETING OF THE CREDITORS COMMITTEE AT WHICH THE CENTRAL BANK WAS REPRESENTED.

5. THERE MAY WELL BE A DIFFERENCE IN INTERPRETATION AS TO THE SUBSTANCE OF THE CENTRAL BANK'S COMMITMENT. IN THIS REGARD, IT APPEARS TO THE EMBASSY THAT THE

TEXT OF THE PROTOCOL SUPPORTS THE CENTRAL BANK'S
INTERPRETATION (REF F) OF THE DEGREE OF THE COMMITMENT.
IT DOES NOT SAY THAT THE BANK WILL GUARANTEE
THAT THE ASSETS WILL BE TAKEN OVER BY THE STATE
COMMERCIAL BANKS. IT SAYS THE CENTRAL BANK "RECOMMENDS"
THAT THE BANKS TAKE OVER THE ASSETS "IN OPERATIONS
DULY QUALIFYING SOLELY TO THE EXCLUSIVE JUDICIALSUT#OF
THE OWN COMMERCIAL BANKS (SIC)".

6. HOPEFULLY THE POSSIBLE DIFFERENCES IN INTERPRETATION
WILL BECOME MOOT THROUGH THE FAVORABLE SETTLEMENT OF THE
AFFAIR BY THE MARCH 31 DEADLINE. I BELIEVE THAT WE
SHOULD WAIT AND SEE IN THIS IS NOT THE CASE.
TODMAN

NOTE BY OC/T: #AS RECEIVED.

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